

From: Rose, Pat - [REDACTED]

Sent: Monday, May 13, 2019 8:34 PM

[REDACTED]

Subject: FY19 Reprogramming Planning - Sources (PRE-DECISIONAL)

Senior Leadership,

As discussed this morning, the Department levied a \$232M "tax" on TSA to source emerging requirements at the border in the event a Supplemental request is denied in full or in part. Keep in mind, along with the Border, TSA has internal unfundeds primarily for TSE maintenance, Personnel Futures, and field rent that must be sourced. We are isolating this drill to only the "tax" but are balancing sources to ensure we can satisfy our own shortfalls.

A couple notes on the tax:

- The amount was arrived at taking 3.14% of enacted O&S; components are not held to provide sources only from O&M—sources may come from any active appropriation
- The Department knows, as does OMB and the Hill, that TSA was not over-funded by \$232M in FY19 and expects programs will be broken if funding is reduced
- The Department needs to understand the operational impact of any programs identified as a source. It will be a DHS leadership decision if the broken glass is an acceptable trade-off in order to source border requirements.

Subsequent to our phone call, the Budget Staff went to work on identifying potential sources which can be taken with minimal hurt and acceptable risk. These sources total \$163M—there is a decent chance of these being taken so if any of them are show-stoppers the impact needs to be identified in the narrative write-up that is required or a substitute source found.

The balance of \$69M was then "fair-shared" proportionately to each of the pillars with the intent each of the pillars identifies the remaining sources. Amounts are shown by AA but can be sourced in any combination by each EAA. Option 1 allocates the amount against current unobligated balances as of May 12; Option 2 allocates the amount against FY19 enacted funded amounts. The baselines for the various options exclude payroll dollars which have already been identified to source our internal shortfalls. But, since TSO PC&B was not considered as a source for internal TSA shortfalls, the funding and balances for Screener PC&B are in play in the options presented. Options 3 and 4 are shown as a worst-case scenario if sources identified by the Budget Staff fall off.

The Budget staff will hold a meeting with your Budget Execution Managers tomorrow morning to clarify options and fair share amounts. The CFO recommendation will be Option 1. If EAAs prefer another option, please discuss with your BEM so they can articulate at tomorrow's meeting. Your initial input will be due by 1600 Tuesday for the Budget staff to consolidate and send back out to Senior Leadership.

for a holistic review and any trading out of sources. We can repeat this process again on Wednesday/Thursday and Thursday/Friday, with a final TSA deliverable to the Department by the noon suspense date. For now, we'll set up a Thursday afternoon meeting with the EAAs.

Credible Sources Identified Prior to "Fair Share" allocations

- \$64M - TSO and FAMS Workmen's Compensation: Both offices are funded one year ahead of when bills are due
- \$50M - Accelerate use of Aviation Security Capital Fund balance to source CT buys in FY19 vice FY20 as presented in the President's Budget
- \$30M - Expected additional recoveries expected from airport projects funded with Aviation Security Capital Fund dollars...would also be used to source FY19 CT buys (ends up being the entire contract)
- \$ 9M - Unused balance from Hurricane Supplemental: Requirements to replace TSE and pay unexpected lease bills never materialized
- \$ 6M - PC&I recoveries from FY18/19 purchases
- \$ 3M - Loose change that is permitted to be used to augment screening operations
- \$ 1M - Clean-up of older, stagnant active appropriations
- \$163M - Total

- \$69M - Balance if all sources used to be proportionately allocated to EAAs

Please encourage your staffs to keep all working materials internal as this exercise is pre-decisional until an OMB approval.

Thnx, Pat